



State of Good Repair: Urban Transit Maintenance and How to Pay for It

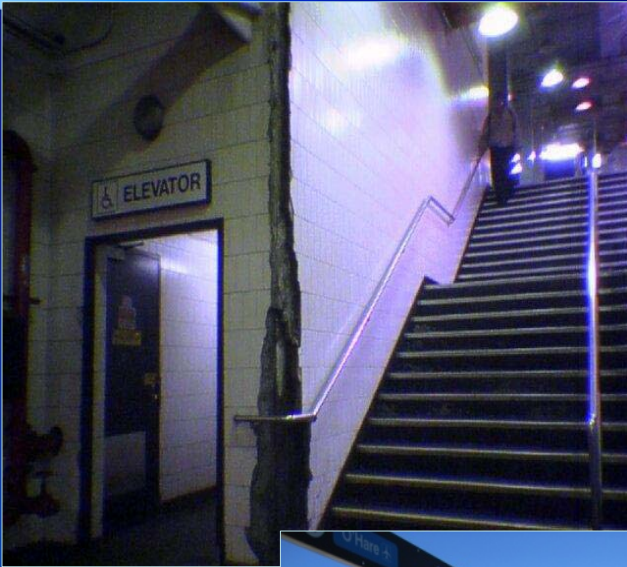
Robert J. Tuccillo, Associate Administrator for Budget and Policy/CFO
Federal Transit Administration



U.S. Department of
Transportation

Tuesday January 13, 2009 10:15am – 12:00pm
Washington Hilton, Lincoln East

What is State of Good Repair (SGR)?



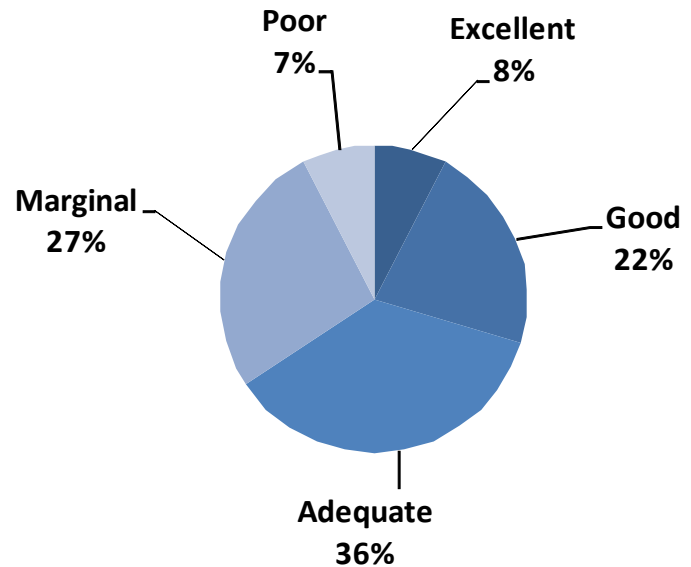
- Maintain physical assets to support quality transit service
 - Manage assets effectively
 - Replace worn-out equipment
 - Preventative maintenance
 - Upgrade facilities
- 3 parts to this discussion
 - Measure where we are
 - Fiscal challenges
 - SGR policies + best practices

How Do We Measure SGR?

- Transit Economic Requirements Model (TERM)

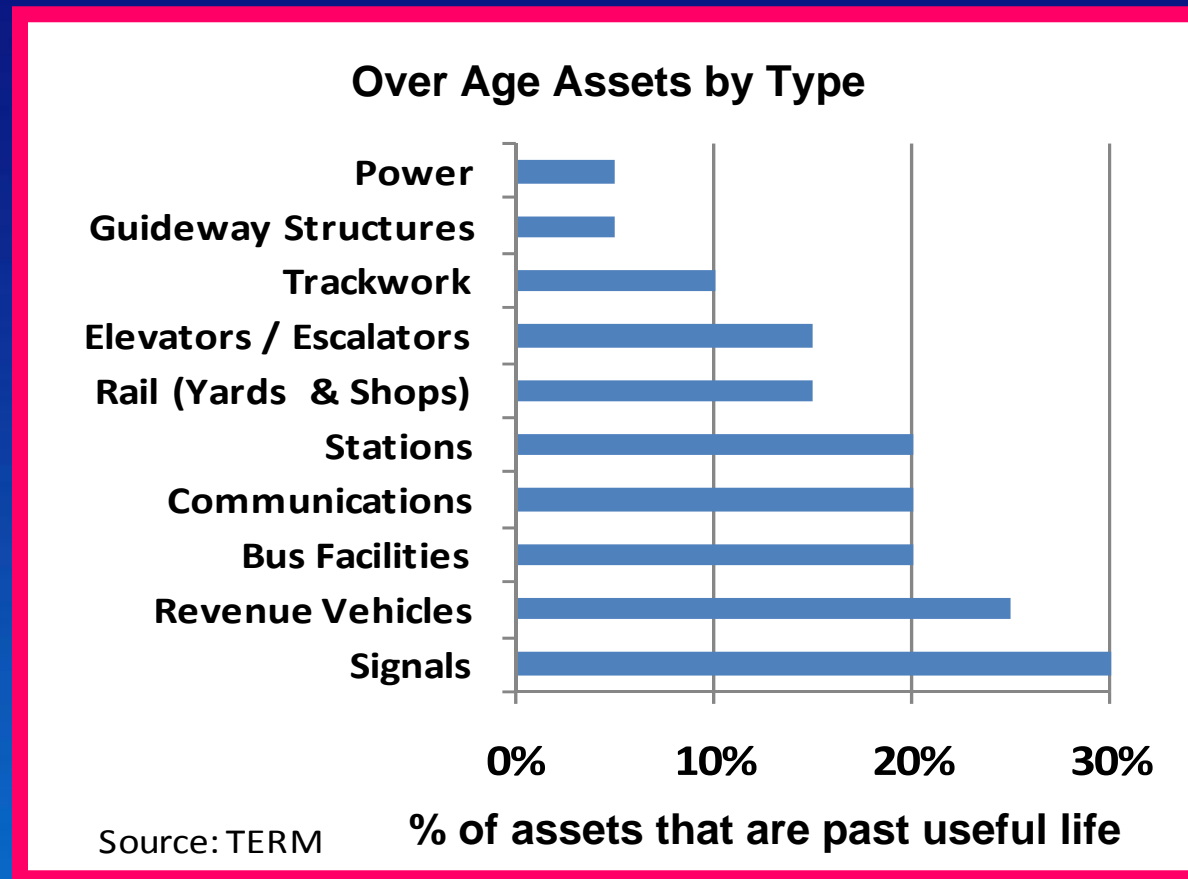
- Estimates future maintain/repair costs for next 20 years
- Database of major transit assets, ages, and replacement costs
- Assumptions about smaller assets
- Assets replaced past expected lifetime
- SGR when no backlog of urgent rehab/replace needs

Asset Conditions: Major Rail Agencies



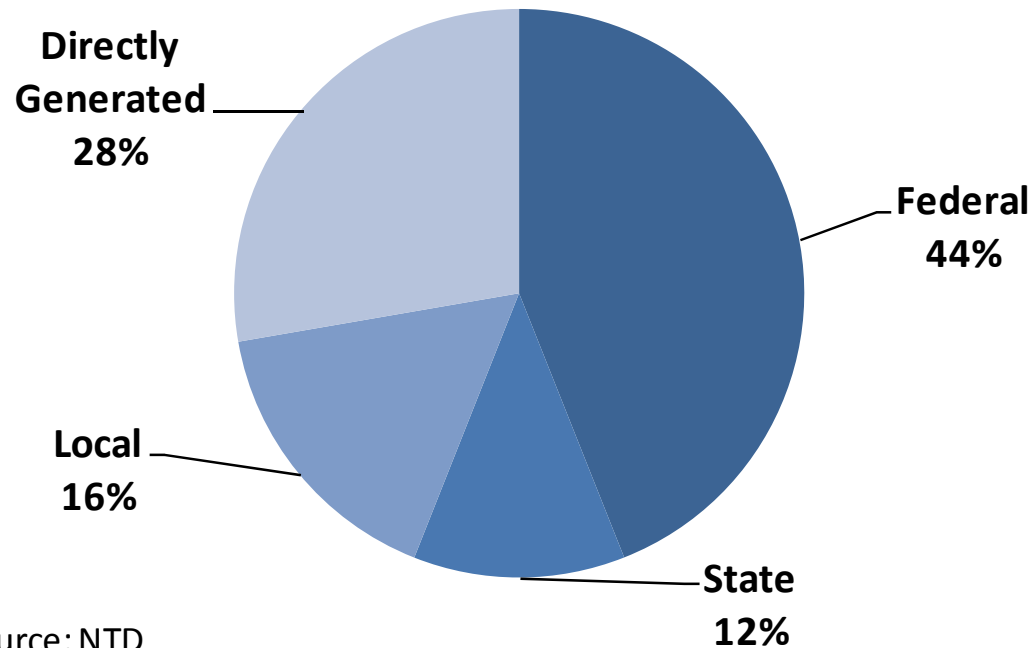
Source: TERM

Many Transit Assets are Over Age



FTA Pays 44% of Asset Costs

Capital Funding Shares: 1997 to 2006



Source: NTD

How Big is the Fiscal Challenge?



- About one quarter of all US transit assets currently need, or will soon need, replacement or rehabilitation
 - One third at the older transit rail agencies
- Estimated backlog of \$50-\$80 billion in deferred maintenance and replacement
 - 2006 annual capital reinvestment from all sources was \$8.6 Billion
 - \$10.7 Billion in annual capital reinvestment is needed over 20 years to reach SGR

New Policies Needed to Address Fiscal Challenges

- Spread additional investment over 2 or 3 authorization periods
- Temporary investment fund of \$2.5 B annually over 20 years
- Funds from Federal, State, and local sources

Annual Funding Levels for a Temporary SGR Fund (Billions of \$2008)

Mode	Annual Investment to Attain SGR over (in addition to normal replacement):		
	6 Years	12 Years	20 Years
Rail	\$7.8	\$3.9	\$2.3
Non-Rail	\$0.5	\$0.3	\$0.2
Total	\$8.3	\$4.2	\$2.5

Fixed Guideway Modernization Allocation Is Not In Line With Needs Of Recipients

Mode	Total FY08 Funding	Average Annual Reinvestment Needs	% of Needs Addressed
Legislatively Specified Areas			
Heavy Rail	\$ 457,879,174	\$ 5,437,716,040	8%
Commuter Rail	\$ 533,137,288	\$ 2,431,909,777	22%
Light Rail	\$ 41,443,240	\$ 291,348,162	14%
Total	\$ 1,032,459,703	\$ 8,160,973,980	13%
Other Urbanized Areas			
Heavy Rail	\$ 145,273,217	\$ 685,338,308	21%
Commuter Rail	\$ 106,529,787	\$ 154,322,913	69%
Light Rail	\$ 65,912,901	\$ 204,558,862	32%
Total	\$ 317,715,904	\$ 1,044,220,083	30%
All Urbanized Areas			
Heavy Rail	\$ 603,152,391	\$ 6,123,054,348	10%
Commuter Rail	\$ 639,667,075	\$ 2,586,232,690	25%
Light Rail	\$ 107,356,141	\$ 495,907,024	22%
Total	\$ 1,350,175,607	\$ 9,205,194,063	15%

Change Fixed Guideway Modernization Formula

- Fixed Guideway Modernization funds largely used for capital reinvestment needs
- Adjust allocation formula to better match needs of recipients
 - Commuter rail now gets much higher percentage of need met
 - Heavy rail now gets much lower percentage of need met
- Increase funding for old rail cities with higher needs
 - Formula is based on 1995 NTD data, update to current data
 - Base apportionment formula solely on vehicle revenue miles
 - Reconsider HOV eligibility



Other Financing Options Exist



- Public Private Partnerships (PPP)
 - FTA PPP Pilot Program
- Other innovative financing
 - Grant Anticipation Notes
 - Capital Leasing
 - Infrastructure Banks
 - TIFIA

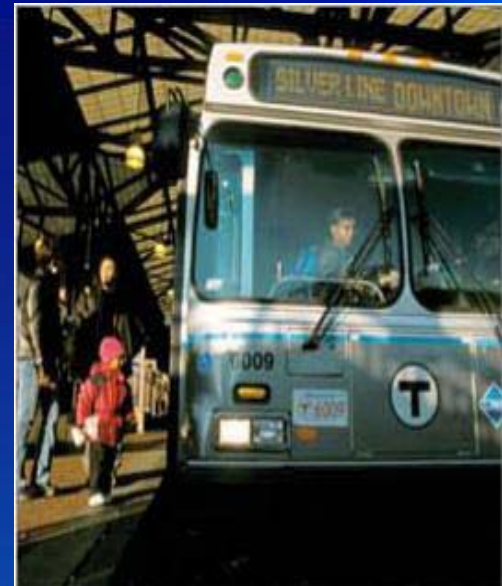
Hudson-Bergen Light Rail

Portland Tri-Rail MAX
Airport Extension



Need Good Asset Management Practices

- Transit industry is behind the curve
 - State highway asset practices more sophisticated
 - Behind utilities and foreign transit systems
- Develop technical assistance
 - Asset inventories for capital planning
 - Condition assessment monitoring systems
 - Studies, reports, and training



Reward Good Asset Management

- Promote use of modern asset management tools
- TERM-Lite for agency use
- Evaluate long-term transit recapitalization needs
- Expand National Transit Database reporting
- Encourage agencies to maintain asset inventories



FTA SGR Initiatives

- August 2008 workshop with engineers and capital planning staff
- SGR Panel at the 2008 APTA Annual Meeting
- Report called *Transit State of Good Repair, Beginning the Dialog*
- *Fixed Guideway Modernization Report to Congress*
- Study on the Financial Capacity of Transit Agencies
- SGR Website

